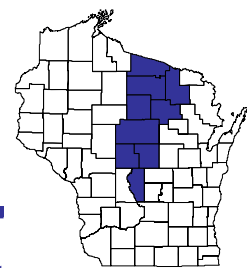


WORKFORCE OBSERVATIONS

for the North Central Wisconsin counties

Adams, Forest, Langlade, Lincoln, Marathon, Oneida, Portage, Vilas and Wood



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In this issue:

- > In 2004, North Central Wisconsin generated over \$12 billion of total personal income, about 7% of the state total.
- > Marathon, Wood, and Portage county residents generated almost 70% of West Central's total personal income.
- > Marathon County ranked 12th in the state in total personal income.
- > North Central's unemployment rate fell during the second quarter as seasonal industries like construction and leisure & hospitality boosted employment.
- > The consumer price index increased by 1.7% in the second quarter, lead by rising fuel and energy costs.

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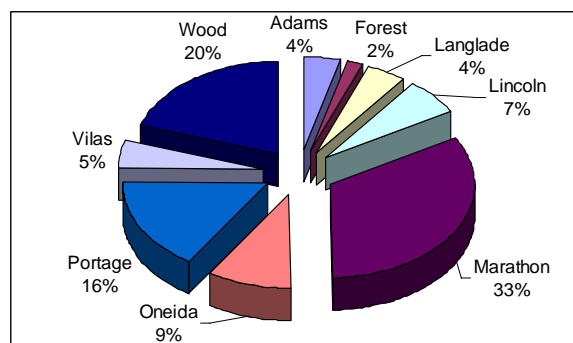
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or find more information at
<http://dwd.wisconsin.gov/oea>

Dollars & Dividends: Personal Income in North Central

Actor Errol Flynn is said to have uttered the phrase "My problem lies in reconciling my gross habits with my net income." We may not have money issues of that magnitude, but when the word income is mentioned, our attention is virtually guaranteed. While our own incomes are probably one of our favorite subjects to analyze, income statistics can also reveal a lot about an area. And as it happens, the Bureau of Economic Analysis (BEA) has just released new local area personal income data for 2004.

The Bureau of Economic Analysis first started collecting income data in the mid-1930s. Methods and data have improved a lot since then, and the BEA now publishes a huge array of personal income estimates. The first one we'll examine is total personal income.



Wood generates 20 percent of North Central's personal income, and Portage generates 16 percent. Together, Marathon, Wood, and Portage counties make up almost 70 percent of North Central's total personal income!

Population isn't the only factor affecting total personal income, occupation and industry mixes in the area can also make a difference. An area with many higher-paying professional

jobs will have a higher total income than we'd expect based on its population.

We've examined total personal income above, but other measures actually relate income directly to population, like per capita personal

income.

Total Personal Income

Total personal income is pretty much what the name implies. It's essentially the total income received by all residents of an area from all sources. The pie chart above shows how the individual counties contribute to North Central's total personal income.

Marathon County is the leader, making up 33 percent of North Central's total, over \$12 billion. This isn't surprising, areas with higher populations tend to dominate total personal income measures for a simple reason. Since total personal income is an estimate of the sum of all personal income in the area - more people with more individual incomes = higher total personal income. Smaller counties tend to have smaller total personal incomes for the same reason.

Coming in second and third are Wood and Portage, respectively. Though smaller than Marathon, these two counties contain Marshfield, Stevens Point, and Wisconsin Rapids, im-

Per Capita Personal Income

Per capita personal income is the total personal income of an area, divided by its population. So it represents the average income each person in the area would receive if the total income were distributed evenly amongst the area's residents. While we know this isn't the case (economic diversity is pretty evident on the highway, no one could afford to drive a Cadillac, and certainly few people would choose to drive a 1982 Buick like I did in my formative years) it is a useful assumption. Per capita personal income can make it easier to compare a large county to a small county, though on average residents of urban counties still tend to have higher incomes since high paying businesses still tend to locate where they can find the largest pool of prospective employees.

The table below not only shows total personal income for each area as a reference, but

(Continued on page 2)

also per capita personal income (and how each county is ranked in the state by that income measure).

Some interesting facts begin to show up when we examine the rankings. Wood County, with about 76,000 residents, ranked 22nd out of the state's 72 counties in total personal income. Not a bad rank, but when you take into ac-

Stevens Point area is home to a popular post-secondary school, UW-Stevens Point. So there is actually a relatively large student population in the area. While many students do work, they may not work full time, and often take jobs that don't pay very high wages. And of course, some students also choose just to focus on classes, and only work in the

work data as a basis for mathematical formulas designed to estimate income flows in and out of a county. Using Oneida County as an example, the estimate of income from residents of other counties working in Oneida would be subtracted from the estimate of income of Oneida residents working in other counties. This resulting number can be positive or negative depending on which group generates more income. If Oneida residents bring home more income from other counties than the non-residents take back to their counties, then the adjustment number is positive, and is added to the earnings by place of work number to correct for commuting (turning it into a place of residence number - "net earnings").

The graph below shows the place of residence adjustment as a percent of the total net earnings by place of residence (after the adjustment). This gives us not only an indication of income flows, but also an idea of the magnitude of those flows compared to the total county earnings.

Most North Central counties have a positive adjustment for place of residence. For example, in sparsely populated Adams county, the place of residence adjustment is almost 35 percent, indicating that a good portion of the income of Adams residents is earned

	Total Personal Income (x1000) 2004	Per Capita Personal Income 2004	2003	Percent Change 2003-04	1999-04	2004 Rank
Wisconsin	\$177,026,243	\$32,166	\$30,664	4.9%	18.5%	
Metropolitan Wis.	\$135,269,947	\$34,002	\$32,516	4.6%	18.2%	
Non-metro Wis.	\$41,756,296	\$27,378	\$25,840	6.0%	19.6%	
Adams	\$489,698	\$23,957	\$22,824	5.0%	16.1%	64
Forest	\$230,630	\$22,937	\$21,574	6.3%	21.8%	68
Langlade	\$514,678	\$24,686	\$23,323	5.8%	20.1%	53
Lincoln	\$787,061	\$26,057	\$24,744	5.3%	18.7%	46
Marathon	\$3,988,904	\$31,206	\$29,701	5.1%	21.4%	18
Oneida	\$1,130,191	\$30,488	\$28,710	6.2%	24.6%	21
Portage	\$1,948,570	\$28,874	\$27,862	3.6%	23.4%	30
Vilas	\$597,513	\$26,904	\$25,549	5.3%	14.9%	40
Wood	\$2,409,655	\$32,031	\$30,584	4.7%	21.3%	16
North Central	\$12,096,900	\$29,407	\$28,021	4.9%	21.1%	

Source: US Dept. of Commerce, Bureau of Economic Analysis, May 2006

count how many residents it took to generate this total income (using per capita personal income) the county moves all the way up to 16th! So we see that even though Wood has a smaller population than more urban counties in the state, residents still tend to earn more income on average. This is evidence of the effects of a higher paying occupation/industry mix, with employment in Wood County dominated by the relatively high paying healthcare industry.

Marathon, which was ranked 12th in total personal income, sinks to 18th in the state when the effects of population are taken into account. Still very high, but it's been overtaken by some counties with smaller populations, but a greater percentage of residents in higher paying jobs.

But what happened to Portage County? It was ranked 23rd in the state, but dropped to 30th in per capita personal income. Does this mean that residents of this area actually make less than in other areas of the state? Not necessarily.

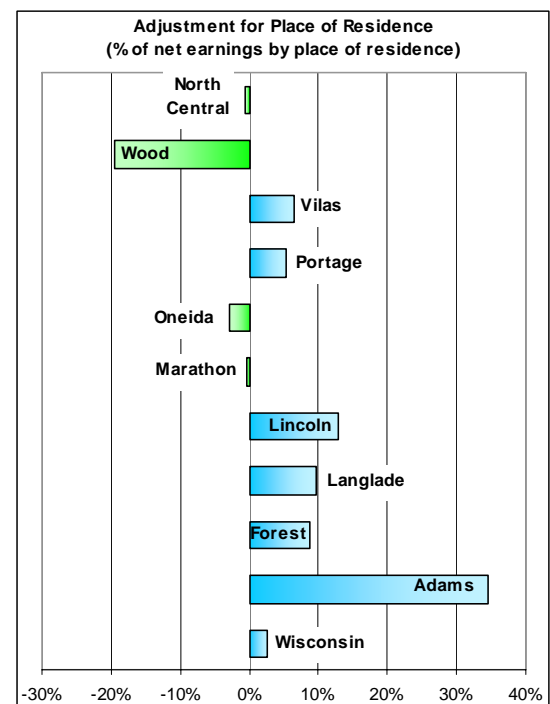
As mentioned earlier, per capita personal income is the total personal income of an area, divided by its population. Its total population, not just those residents who generate income. The

summer if at all. But regardless of that fact, they are still counted into the population, which tends to result in a lower per capita income. So even though no one measure tells the whole story of an area, personal income statistics can be a useful tool when different measures are used together. Another useful measure, adjustment for place of residence, shows us the impact of inter-county commuting.

Place of Residence Adjustment

Personal income is estimated by place of residence, meaning that the income of each person would be attributed to the area they live in. But over 60 percent of the data used to compute these estimates is reported by place of work. Since we know many people work in one county but live in another, this presents a problem. How can personal income be adjusted to reflect commuters?

The Bureau of Economic Analysis uses U.S. Census journey to



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outside the county.

However, some areas, like North Central itself, have a negative place of residence adjustment. Wood, Marathon, and Oneida counties all have negative adjustments. A negative adjustment means that residents of other counties working in Wood, for example, generate more income than Wood county residents working outside the county. In fact, in Wood county, the negative residence adjustment accounts for about 20 percent of total earnings. This indicates that Wood county is a major employment destination for surrounding counties.

Now we know more about earnings in North Central, but what about the other components that make up income?

Personal Income Components

The largest component of personal income is net earnings by place of residence. We've talked about it quite a bit already in the article, but to recap, basically it's the wages earned at work, then adjusted so the income is attributed to the county the worker lives in. Marathon and Portage counties have the highest percentage of their incomes made up of net earnings. This can indicate that residents of an area make relatively higher wages. Counties with earnings as a high percentage of total

income frequently have a higher per capita personal income than other counties. It can be hard to divine what a higher proportion in one component might mean, since the three components

2004 Personal Income Components for West Central Wisconsin Counties			
	Net Earnings by Place of Residence	Dividends, Interest, and Rent	Current Transfer Receipts
Wisconsin	70%	16%	14%
Adams	61%	15%	24%
Forest	58%	16%	26%
Langlade	62%	15%	23%
Lincoln	66%	14%	20%
Marathon	72%	15%	13%
Oneida	59%	21%	20%
Portage	71%	17%	13%
Vilas	51%	25%	24%
Wood	67%	17%	16%
North Cent	67%	17%	16%

Source: US Dept. of Commerce, Bureau of Economic Analysis, May 2006

influence each other. It might simply mean that another component is very low, which makes another one look high by percentage.

Dividends, interest, and rent are another component of personal income. This component includes things like dividends and interest from investments like stocks and bonds, as well as from government and private pension funds. It also includes income from rental proper-

ties. Vilas county is the leader in this component, followed by Oneida. This could occur because the earnings component is low, making assets look higher, though in this case it probably indicates an older population on average, with a high percentage of retirees.

Transfer receipts refer to benefits like social security, unemployment insurance, disability payments, and welfare. Most rural counties in North Central have a high proportion of transfer payments. Keeping in mind that other components can influence this too, this could mean a higher proportion of the county requires government assistance. Most of the time a high percentage in transfer payments indicates an older population, with more retirees. Especially when taken together with a high proportion in the investment component.

Income statistics can be very useful, and this article is just the tip of the iceberg of what is available. The BEA has much more in depth data on their website, www.bea.gov. We may not have answered our favorite income question - how do we get more? - but understanding the local economy probably isn't the worst place to start.

Civilian Labor Force Estimates* for North Central Wisconsin Counties

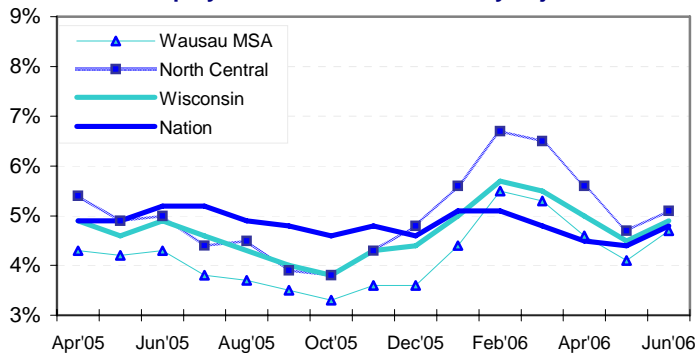
	Qtr 2 2006	Qtr 1 2006	Qtr 2 2005	Qtr 2 2006	Qtr 1 2006	Qtr 2 2005	Qtr 2 2006	Qtr 1 2006	Qtr 2 2005
Labor force Employed Unemployed Unemp. Rate	Adams			Lincoln			Vilas		
	9,904	9,462	9,797	15,929	15,822	15,940	12,116	11,304	11,964
	9,306	8,653	9,190	15,014	14,742	15,040	11,414	10,393	11,281
	599	809	607	915	1,080	899	701	911	682
	6.1	8.5	6.2	5.7	6.8	5.6	5.8	8.1	5.7
Labor force Employed Unemployed Unemp. Rate	Forest			Oneida			Wausau MSA		
	4,946	4,916	5,030	20,435	19,864	20,582	75,036	74,846	74,555
	4,614	4,496	4,678	19,274	18,318	19,455	71,681	71,049	71,361
	332	421	352	1,161	1,546	1,127	3,355	3,798	3,194
	6.7	8.5	7.0	5.7	7.8	5.5	4.5	5.1	4.3
Labor force Employed Unemployed Unemp. Rate	Langlade			Portage			Wood		
	10,967	10,870	10,856	40,204	40,370	39,502	40,257	40,359	39,842
	10,307	10,071	10,230	38,286	38,119	37,618	38,094	37,688	37,547
	660	799	626	1,917	2,250	1,883	2,163	2,672	2,295
	6.0	7.3	5.8	4.8	5.6	4.8	5.4	6.6	5.8
Labor force Employed Unemployed Unemp. Rate	North Central			* not seasonally adjusted					
	229,794	227,813	228,066						
	217,991	213,528	216,401						
	11,803	14,286	11,665						
	5.1	6.3	5.1						

Workforce Changes in Second Quarter, 2006

The unemployment rate for North Central Wisconsin fell during the second quarter, except for a slight increase in June, following the usual seasonal trend. Rates typically fall this time of year as summer hiring begins. As temperatures rose, hiring in industries with strong seasonal components, like construction and leisure & hospitality grew. Manufacturing, the largest industry sector in North Central, also tends to boost employment in the summer. Unemployment rates in June rose throughout most of North Central Wisconsin this month, as the effects of schools recessing for the summer influenced changes in both the number of unemployed and employed. As in previ-

(Continued on page 4)

Unemployment Rates-Not seasonally adjusted



	Apr'05	May'05	Jun'05	Apr'06	May'06	Jun'06
Wausau MSA	4.3%	4.2%	4.3%	4.6%	4.1%	4.7%
North Central	5.4%	4.9%	5.0%	5.6%	4.7%	5.1%
Wisconsin	4.9%	4.6%	4.9%	5.0%	4.5%	4.9%
Nation	4.9%	4.9%	5.2%	4.5%	4.4%	4.8%

ous years, students entering the labor force boosted participation levels in many counties. Unemployment rates in June typically rise slightly, though it actually dropped slightly in Vilas. Most likely the strong tourism economy in Vilas absorbs the students more easily than in other counties, though there are probably fewer students than in some other North Central counties.

The number of residents with jobs climbed steadily throughout the second quarter, following the usual trend. June ended the quarter with 221,483 residents employed, up

1,251 over the year.

All of the counties in North Central Wisconsin experienced the seasonal jump in employment from the first quarter of 2006 to the second quarter. And they all experienced a boost in nonfarm jobs. Local employers added 6,874 non-farm jobs during the second quarter. Most of these jobs revolved around the resumption of seasonal industries like leisure & hospitality, gaining 1,894 jobs. The sector containing construction also hired, swelling payrolls by 1,603.

The over the year numbers were a mixed bag, with some counties doing better, and some worse off than their year ago levels. North Central gained about 144 jobs over last year, fueled mostly by growth in Portage. The high paying financial activities sector also improved over its first quarter 2005 numbers, most likely owing to the strong insurance cluster in North Central's more urban counties.

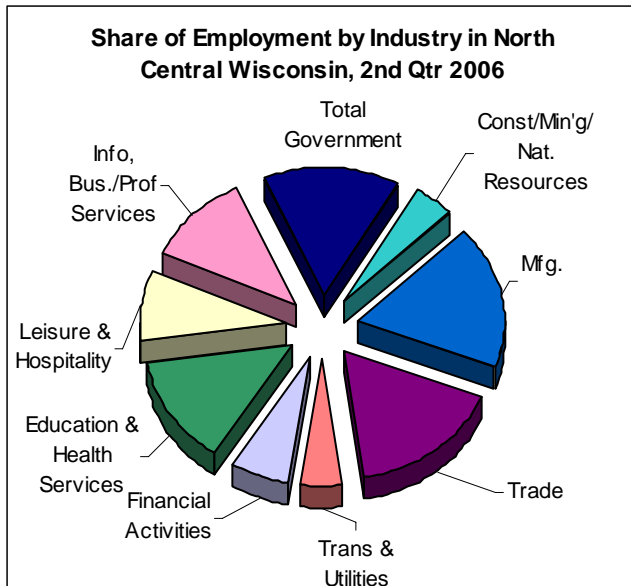
North Central Wisconsin Nonfarm	Qtr 2 2006	Qtr 1 2006	Qtr 2 2005
Total Nonfarm jobs	204,472	197,598	204,328
Const/Min'g/Nat. Resources	9,311	7,708	9,319
Manufacturing	36,586	35,990	36,914
Trade	34,513	34,388	34,551
Transportation & Utilities	9,902	9,448	9,901
Financial Activities	12,820	12,624	12,506
Education & Health Services	28,533	28,315	28,482
Leisure & Hospitality	18,511	16,617	18,696
Business Srv. & Other Services	23,841	22,932	23,700
Total Government	30,454	29,576	30,259

Nonfarm Wage and Salary Employment Estimates for North Central Wisconsin Counties

	Qtr 2 2006	Qtr 1 2006	Qtr 2 2005	Qtr 2 2006	Qtr 1 2006	Qtr 2 2005	Qtr 2 2006	Qtr 1 2006	Qtr 2 2005	Qtr 2 2006	Qtr 1 2006	Qtr 2 2005	Qtr 2 2006	Qtr 1 2006	Qtr 2 2005
	Adams			Forest			Langlade			Lincoln			Oneida		
Total Nonfarm jobs	4,562	4,130	4,560	3,485	3,375	3,545	8,009	7,675	7,985	11,893	11,520	12,013	18,172	16,804	18,504
Const/Min'g/Nat. Resources	398	288	347	189	96	167	418	318	448	489	370	494	1,164	892	1,198
Manufacturing	387	383	404	324	323	329	1,910	1,870	1,718	3,354	3,363	3,444	1,335	1,310	1,399
Trade	513	436	530	333	316	330	1,341	1,299	1,404	1,582	1,527	1,619	4,213	4,081	4,149
Transportation & Utilities	149	136	149	163	159	161	410	400	404	414	389	395	482	457	476
Financial Activities	96	86	92	129	127	121	300	297	280	904	883	869	602	577	584
Education & Health Services	538	538	527	345	349	353	929	932	934	1,077	1,072	1,068	3,466	3,477	3,628
Leisure & Hospitality	624	476	681	195	158	239	815	722	835	978	898	1,012	2,189	1,844	2,222
Info, Prof/Bus.Srv. Othr Srv.	615	589	606	248	222	242	752	742	754	1,043	999	1,051	2,531	2,321	2,627
Total Government	1,242	1,198	1,224	1,558	1,626	1,603	1,134	1,094	1,208	2,052	2,019	2,061	2,189	1,844	2,222
	Portage			Vilas			Wausau MSA			Wood			Current quarter preliminary. Estimates based on 2005 benchmark. Summing from unrounded numbers.		
Total Nonfarm jobs	34,030	32,849	33,635	8,894	7,953	8,807	72,267	71,267	72,533	43,161	42,026	42,746			
Const/Min'g/Nat. Resources	1,178	902	1,158	945	715	931	2,900	2,767	2,967	1,629	1,359	1,611			
Manufacturing	4,383	4,381	4,558	321	291	337	18,567	18,233	18,400	6,005	5,836	6,323			
Trade	5,683	5,881	5,525	1,374	1,250	1,375	13,400	13,567	13,467	6,075	6,032	6,153			
Transportation & Utilities	1,957	1,838	1,926	139	128	130	2,600	2,500	2,767	3,587	3,441	3,493			
Financial Activities	4,042	3,995	3,867	331	318	326	5,267	5,200	5,233	1,150	1,140	1,136			
Education & Health Services	3,275	3,256	3,289	696	687	670	7,667	7,600	7,700	10,540	10,405	10,313			
Leisure & Hospitality	3,270	2,945	3,311	1,865	1,546	1,897	5,400	5,133	5,333	3,175	2,895	3,167			
Info, Prof/Bus.Srv. Othr Srv.	4,435	4,313	4,174	905	785	876	8,433	8,167	8,567	4,879	4,794	4,803			
Total Government	5,805	5,337	5,826	2,319	2,233	2,265	8,033	8,100	8,100	6,120	6,125	5,748			

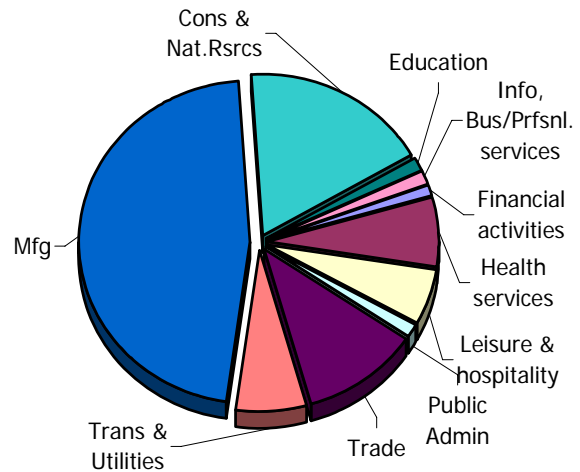
Current quarter preliminary. Estimates based on 2005 benchmark. Summing from unrounded numbers.

The Workforce Album: Second Quarter, 2006



- > 10,929 residents filed initial claims for unemployment insurance benefits during the second quarter, down from 15,396 in the first quarter.
- > The majority of claims filed were from manufacturing, and to a lesser degree construction workers. The construction and manufacturing sectors typically lead North Central in initial claims.
- > Though manufacturing claims are a higher proportion of initial claims than last quarter, the number of claims has actually dropped. Significant drops in claims in other sectors, like information, professional & business services, increased manufacturing's proportion.

Initial Claims for Unemployment Benefits by Industry in Qtr 2 2006 in North Central Wisconsin



- > Increases in the Consumer Price Index, lead by rising fuel and energy costs, outpaced historical trends in the second quarter of 2006, rising 1.7 percent from 1Q2006 and 4.0 percent from 2Q2005.
- > The increase in CPI, including the more volatile energy and food indexes, slowed in June after rising sharply in April and May.
- > Compensation costs for private sector workers rose 0.9% from March to June 2006, after advancing 0.8% in the prior quarter. State and local government costs rose 0.4% during the quarter following a 0.5% increase in the prior quarter.
- > Annual compensation cost for all civilian workers increased 3.0 percent for the year ended June 2006, moderating from the 3.2 percent for the over-the-year increase for June 2005.

Consumer Price Index - All items (not seasonally adjusted)	Change over previous quarter				over yr Qtr 2 2005
	Qtr 3 2005	Qtr 4 2005	Qtr 1 2006	Qtr 2 2006	
United States	1.2%	0.5%	0.5%	1.7%	4.0%
Midwest cities (50,000-1.5 million pop.)	1.5%	1.6%	0.2%	0.2%	3.5%
Midwest cities (less than 50,000 pop.)	1.4%	1.7%	0.3%	0.2%	3.7%
Employment Cost Index (not seasonally adjusted)					
Civilian total compensation	0.8%	0.6%	0.7%	0.9%	3.0%
Private industry total compensation	0.6%	0.5%	0.8%	0.9%	2.8%
Local & state govt. total compensation	2.0%	0.9%	0.5%	0.4%	3.8%
Civilian wages	0.7%	0.6%	0.7%	0.8%	2.8%
Private wages	0.6%	0.5%	0.7%	1.0%	2.8%
Local & state government wages	1.3%	0.9%	0.3%	0.5%	3.1%
Civilian benefits	1.2%	0.5%	0.9%	0.7%	3.4%
Private industry benefits	0.7%	0.3%	1.0%	0.7%	2.7%
Local & state government benefits	3.1%	1.0%	0.7%	0.6%	5.5%

Source: US Bureau of Labor Statistics

